

Message Text

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ACTION COME-00

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 EB-07 FRB-01

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 STR-04 AGR-10 EUR-12 /077 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9717

UNCLAS SECTION 1 OF 2 TOKYO 5552

FOR COMMERCE

E.O. 11652: N/A

TAGS: BEXP, XG, CA, JA

SUBJECT: RESEARCH PROJECT ON EAST-WEST TRADE PROMOTION

REF: A) STATE 065236

B) TOKYO 4785

SUMMARY: EMBASSY ANALYSIS OF FY74 MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) BUDGET SHOWS EXPENDITURES OF OVER \$55 MILLION FOR TRADE PROMOTION WITH \$26 MILLION ALLOCATION TO THE JAPAN EXTERNAL TRADE ORGANIZATION (JETRO) AS THE MAJOR ITEMS. NO FIGURES BY COUNTRY ON TOTAL EXPENDITURES ARE AVAILABLE. DIRECT BUDGETARY APPROPRIATIONS FOR PROMOTION OF TRADE WITH PRC ARE SEVERAL TIMES THE AMOUNTS ALLOCATED FOR OTHER REF. A COUNTRIES. HOWEVER, ALL SEVEN FY74 JETRO-SPONSORED TRADE PROMOTION EVENTS IN REF. A AREA WERE IN USSR-E. EUR. THESE SEVEN EVENTS ACCOUNTED FOR 13 PERCENT OF JETRO'S 56 OVERSEAS EVENTS (INCLUDING MANY VERY SMALL EXHIBITS) IN FY74. (HOWEVER, FIVE OF THE SEVENS SHOWS WERE LARGE-SCALE EXPORT EQUIPMENT EXHIBITIONS.) AS TIME PERMITS PRIOR MAY 23 DEADLINE FOR RESPONSE TO REF. A EMBASSY WILL INTERVIEW FIRMS ACTIVE IN TRADE WITH THIS UNCLASSIFIED

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AREA AND PROVIDE AN EVALUATION OF EFFECTIVENESS OF GOJ TRADE PROMOTION PROGRAMS. END SUMMARY

1. RE PARAS. 3-4 REF. A, GOJ DOES NOT MAKE AVAILABLE

TOTAL OR INDIVIDUAL COUNTRY FIGURES FOR ITS EXPORT PROMOTION EXPENDITURES. EMBASSY ARRIVED AT FY (BEGINS APRIL 1) 74-75 ESTIMATES CONTAINED PARA. 2 BELOW VIA LINE-BY-LINE REVIEW OF MITI BUDGET. EMBASSY HAS LIMITED ITS CONSIDERATION TO MITI, BUT OTHER GOJ AGENCIES (I.E. FISHERIES AGENCY AND MINISTRY OF TRANSPORT) AND LOCAL GOVERNMENTS HAVE INTERESTS IN PROMOTING THE EXPORT OF GOODS WITHIN THEIR JURISDICTIONS AND MAY HAVE FUNDS BUDGETED FOR THIS PURPOSE. TOTALS FOR "DIRECT EXPORT PROMOTION" (A.1. AND B.1. 4-. 2 BELOW) INCLUDE ALL ITEMS IDENTIFIED AS "EXPORT" OR "TRADE" PROMOTION. "INDIRECT EXPORT PROMOTION" (A.2. AND B.2) INCLUDES ACTIVITIES SUCH AS IMPROVEMENT OF EXPORT STATISTICAL SYSTEM, PROMOTION OF FOREIGN INVESTMENT, CONTRACTS TO RESEARCH ORGANIZATIONS FOR STUDIES ON LDC DEVELOPMENT PROJECTS, PUBLIC RELATIONS RE JAPANESE TRADE POLICIES, AND INTL. EXCHANGES OF PERSONS ASSOCIATED WITH TRADE AND ECONOMICS. ALL BUDGETARY ITEMS CLEARLY IDENTIFIABLE AS TRADE PROMOTIONAL EFFORTS DIRECTED TOWARD COUNTRIES UNDER STUDY REF. A ARE LISTED SEPARATELY. HOWEVCJ, MANY ALLOCATIONS FOR PROMOTION OF EXPORTS OF SPECIFIC COMMODITIES (I.E. MACHINE TOOLS, LIGHT MACHINERY, PLANT EQUIPMENT) AND JETRO ALLOCATION INCLUDE FUNDS USED IN PROMOTION OF TRADE WITH REF. A COUNTRIES. ALLOCATIONS TO ORGANIZATIONS LISTED A.1. I-III PARA. 2 ALSO INCLUDE SOME FUNDS FOR PUBLIC RELATIONS, GOODWILL AND TECHNICAL EXCHANGES, AND PROMOTION OF IMPORTS FROM REF. A COUNTRIES.

2. (UNIT: 1,000 YEN) FY74 FY75
 A. REGULAR BUDGET (TOTAL) 12,471,417 N/A
 1. DIRECT EXPORT PRO-
 MOTION(SUB-TOTAL) 7,675,881 N/A
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I) JETRO (7,124,600) (8,524,165)
 II) SUBSIDY TO JAPAN- (74,530) N/A
 PRC ASSN. ON
 ECONOMY AND TRADE

III) SUBSIDY TO JAPAN ASSN. (12,000) N/A
 FOR TRADE WITH S. UNION
 AND SOCIALIST
 COUNTRIES OF EUROPE

IV) SIBERIAN DEVELOPMENT (1,780) N/A
 COOP. AND PLANNING
 V) OTHER (462,971) N/A

2. INDIRECT EXPORT PRO- 4,795,536 N/A
MOTION(SUB-TOTAL)

B. PROCEEDS FROM GOV.- 4,065,749 3,245,904
SUPERVISED GAMBLING
(TOTAL)

1. DIRECT EXPORT PRO- 3,512,395 2,206,321
MOTION(SUB-TOTAL)

I) PROMOTION OF TRADE (422,826) (525,584)
WITH PRC

II) OTHER (3,089,569) (1,680,737)

2. INDIRECT EXPORT 553,354 513,999
PROMOTION(SUB-TOTAL)

C. GRAND TOTAL (A PLUS B) 16,537,166 N/A
DETAILED BREAKDOWN OF FY75 MITI REGULAR BUDGET
EXPECTED TO BE AVAILABLE IPUJUNE.

3. RE PARA. 5 REF. A, JETRO SPONSORS VIRTUALLY
ALL GOJ EXPORT PROMOTION ACTIVITIES IN COMMUNIST
COUNTRIES. 1974 JAPANESE DESIGN SEMINAR AND
ART SHOW, BOTH IN BUCHAREST, ONLY EVENTS OTHER
WM SHOWS LISTED BELOW.

NAME PLACE DATES
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JFY 1974

1. BUDAPEST INT'L FAIR BUDAPEST 5/18-26/74
2. POLYMER '74 MOSCOW 9/3-16/74
3. PLOVDIV INT'L FAIR PLOVDIV 9/22-10/1/74
4. BUCHAREST INT'L FAIR BUCHAREST 10/13-22/74
5. LEIPZIG SPRING INT'L LEIPZIG 3/9-16/75
FAIR

JFY 1975

1. MOSCOW LABOR-SAVING MOSCOW 4/8-17/75
EQUIPMENT (INDUSTRIAL
ROBOT) SHOW
2. BUDAPEST SPRING INT'L BUDAPEST 5/18-26/75
FAIR
3. 46TH POZNAN INT'L FAIR
POZNAN 6/8-17/75
4. MOSCOW OFFICE MOSCOW 9/2-16/75
EQUIPMENT INT'L FAIR
5. PLOVDIV INT'L FAIR PLOVDIV 9/21/-30/75
6. JAPAN INDUSTRIAL AND PEKING 11/18-12/2/75
TECHNOLOGY EXHIBITION

JETRO HELD 56 OVERSEAS SHOWS IN FY74 AND WILL
HOLD 48 IN FY75. TOTAL INCLUDES SMALL PUBLIC RELATIONS
AND CULTURAL EXHIBITS AND ALSO EXPO-TYPE PAVILLIONS WHICH
ARE NOT EXCLUSIVELY FOR EXPORT PROMOTION.
JETRO COLLECTS OFF-FLOOR SALES FIGURES FROM

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INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 EB-07 FRB-01

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EXHIBITORS BUT DOES NOT CONSIDER THEM A SIGNIFICANT
MEASURE OF THE EFFECTIVENESS OF ITS EXHIBITION
PROGRAM, PARTICULARLY IN SOCIALIST COUNTRIES
WHERE NEGOTIATIONS WITH STATE TRADING MONOPOLIES
OFTEN ARE LENGTHY. JETRO DOES NOT MAKE FOLLOW-UP
SURVEYS OF SALES OF SHOW PARTICIPANTS.

4. RE PARA. 6 REF. , TERMS OF PARTICIPATION IN
JETRO-SPONSORED TRADE PROMOTIONAL EVENTS IN
COMMUNIST COUNTRIES ARE SAME AS FOR THOSE IN
OTHER COUNTRIES EXCEPT THAT EXHIBITION COCOM LISTED
ITEMS PROHIBITED. PARTICIPATING FIRM BEARS
ONE-HALF ACTUAL BOOTH EXPENSES (SPACE RENTAL,
CONSTRUCTION, DECORATION, UTILITIES, AND OCEAN
FREIGHT AND CUSTOMS BROKERAGE -- IF REQUIRED --
FOR EXHIBIT ITEMS.) JETRO PAYS ENTIRE COST
OF GOJ INFORMATION BOOTY AND/OR EXHIBITS,
ADVANCE MARKET RESEARRH, EXHIBITION CATALOG,
AND OPENING RECEPTION. JETRO ALSO HOLDS PRE-

DEPARTURE BRIEFINGS FOR EXHIBITORS, PROVIDES
ATTENDANTS FOR BOOTHS OF EXHIBITORS UNABLE TO
ATTEND PERSONALLY, AND ASSISTS WITH CUSTOMS
ARRANGEMENS AT NO ADDITIONAL CHARGE. IT PAYS
ONE-HALF OF FREIGHT COST FROM EXHIBITION SITE

TO JAPANESE PORT OF ENTRY FOR ITEMS RETURNED TO
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JAPAN.

5. RE PARA 7 REFTEL:

A. MITI-SUBSIDIZED JAPAN ASSN. FOR TRADE WITH SOVIET UNION AND SOCIALIST COUNTRIES OF EUROPE HOUSES PRIVATE-LEVEL BILATERAL TRADE COMMITTEES FOR JAPAN AND CZECHOSLOVAKIA, RUMANIA, HUNGARY, POLAND, AND YUGOSLAVIA. (GDR AND BULGARIAN COMMITTEES ARE SEPARATE.) MITI AND THESE COMMITTEES (INCLUDING JAPAN. PRC ASSN. ON ECONOMY AND TRADE) CONSULT CONCERNING PERIODIC MEETINGS OF BOTH THE PRIVATE-LEVEL BILATERAL COMMITTEES WITH THEIR SOCIALIST COUNTERPARTS AND GOVERNMENT-TO-GOVERNMENT MIXED COMMISSIONS ESTABLISHED TO IMPLEMENT TRADE AGREEMENTS BETWEEN JAPAN AND THESE COUNTRIES.

B. JAPAN TRADES ON MFN BASIS WITH ALL COUNTRIES REF. A. IN ORDER TO ELIMINATE DOUBLE TAXATION AS A BARRIER TO TRADE GOJ IS NEGOTIATING TAX TREATIES WITH RUMANIA, POLAND, AND CZECHOSLOVAKIA AND HOPES TO EXPAND NEGOTIATIONS TO OTHER REF. A. COUNTRIES.

C. IN 1974 SMALL EXHIBITION OF RUMANIAN GOODS HELD AT JETRO HEAD OFFICE TOKYO UNDER CO-SPONSORSHIP JETRO AND RUMANIAN GOVERNMENT. SIMILAR BULGARIAN SHOW SCHEDULED FOR 1976 UNDER JETRO PROGRAM OF MOUNTING FOUR SHOWS ANNUALLY OF PRODUCTS FROM COUNTRIES (PRIMARILY LDC'S) WHICH ARE RUNNING TRADE DEFICITS WITH JAPAN.

D. JAPAN EXIM. BANK HAS APPROVED LOANS TO ALL REF. A COUNTRIES. RECENT EXAMPLES ARE 223,000 MILLION YEN IN CREDITS APPROVED SINCE SEPT. 1974 FOR 15 PRC ORDERS OF PLANT EQUIPMENT AND A 23,200 MILLION YEN LOAN TO RUMANIA FOR PURCHASES OF JAPANESE INDUSTRIAL MACHINERY AND EQUIPMENT ANNOUNCED DURING RECENT VISIT OF PRES. CEAUSESCU. OTHER THAN PROHIBITION OF COCOM ITEMS THERE ARE NO SPECIAL RESTRICTIONS OR CONDITIONS APPLIED TO
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EXIM LOANS TO REF. A COUNTRIES.

6. RE PARA. 8 REF. A, FOLLOWING TABLE SHOWS NUMBER OF FULL-TIME JAPANESE STAFF WORKING IN JETRO

OFFICES (JAPAN TRADE CENTERS) AND ON COMMERCIAL AFFAIRS AT JAPANESE EMBASSIES.

	EMBASSY	JETRO
WARSAW	1	1
BUCHAREST	0	1
MOSCOW	2	NO OFFICE
VIENNA (TRADE WITH USSR AND E. EUROPE OTHER THAN POLAND AND RUMANIA)	--	6
PEKING	2	NO OFFICE

(NOTE: PEKING EMBASSY DOES NOT HAVE SEPARATE COMMERCIAL STAFF. TWO OF ITS EIGHT ECON. OFFICERS ARE MITI REPS. WHO DEVOTE SUBSTANTIAL AMOUNT OF TIME TO TRADE PROMOTION BUT ALSO HAVE OTHER RESPONSIBILITIES.) AT EMBASSIES AND CONSULATES IN E. BERLIN, SOFIA, PRAGUE, BUDAPEST, LENINGRAD, AND NAKHODKA ONE OFFICER DOES PART-TIME COMMERCIAL WORK. NONE OF JETRO'S JAPAN TRADE CENTERS ARE LARGE ENOUGH TO HOLD EXHIBITIONS. THEY PROVIDE COMMERCIAL SERVICES TO JAPANESE BUSINESSMEN, HANDLE TRADE INQUIRIES, CONDUCT MARKET RESEARCH, AND OCCASIONALLY HOLD SEMINARS AND FILM SHOWINGS.

7. RE PARA. 9 REF. A, IN MITI'S REGULAR FY75 BUDGET JETRO RECEIVED 20 PERCENT INCREASE IN FUNDS OVER FY74 (SEE PARA. 2 A.1. I ABOVE). WAGE AND COST INCREASES, HOWEVER, WILL ABSORB MOST ADDITIONAL FUNDS. JETRO WILL HOLD SIX LARGE EXHIBITIONS IN COMMUNIST COUNTRIES IN FY75

COMPARED TO FIVE IN FY74 (SEE PARA. 3 ABOVE). FY75 GAMBLING REVENUES ALLOCATED FOR PROMOTION OF TRADE WITH PRC (SEE PARA. 2 B.1.I. ABOVE) WERE INCREASED 24 PERCENT OVER FY74 DESPITE OVERALL REDUCTION OF 20 PERCENT IN FUNDS FROM THIS SOURCE MADE AVAILABLE TO MITI FOR TRADE
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PROMOTION (SEE PARA. 2B. ABOVE). (THERE ARE NO FUNDS SPECIFICALLY FOR USSR-E. EUR. FROM THIS SOURCE.)
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